

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-07 ISO-00 IO-11 EUR-12 AID-05 CIAE-00

COME-00 EB-07 FRB-03 INR-07 NSAE-00 USIA-06 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05

SS-15 STR-04 CEA-01 L-03 H-02 PA-01 PRS-01 /105 W

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FM AMEMBASSY MANILA

TO SECSTATE WASHDC 1913

INFO Q/AMEMBASSY THEHAGUE 0136

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E. O. 11652: ADS, DECLAS 8/5/76

TAGS: EAID, EFIN

SUBJECT: PROPOSED DUTCH GUILDER NOTES OF 1976-1983

USADB

FOR NAC AGENCIES

REFS: (A) MANILA 16680, (B) MANILA 1157, (C) TREASURY 76-9

1. AT MEETING 5 FEBRUARY, ADB BOARD OF DIRECTORS AUTHORIZED BANK TO ISSUE AND TO SELL DUTCH GUILDER NOTES OF 1976-1983. ADB TREASURER EXPLAINED THAT FAVORABLE MARKET CONDITIONS AND APPROVAL OF THE GOVERNMENT OF NETHERLANDS WILL PERMIT ISSUE INCREASE TO DUTCH GUILDERS 75 MILLION EQUIVALENT TO US\$27.4 MILLION FROM DUTCH GUILDERS 50 MILLION. MATURITY WILL BE 7 YEARS OR ONE YEAR LONGER THAN MATURITY OF LAST ISSUE DESCRIBED IN REFTEL A. COUPON INTEREST RATE WILL BE 8/25 PERCENT PAYABLE ANNUALLY OR 0.625 PERCENTAGE POINT LESS THAN THE PREVIOUS ISSUE. MINIMUM ISSUE PRICE SET CONSERVATIVELY AT 99.5 PERCENT FOR MAXIMUM ANNUAL YIELD OF 8:34 PERCENT.

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MANAGEMENT FEE AND SELLING COMMISSION WILL BE 1.5 PERCENT

RESULTING IN COST TO ADB OF 8.52 PERCENT. ADB TREASURER SAID THAT IF CURRENT CONDITIONS PERSIST, COST COULD BE 8.42 PERCENT.

2. ADB TREASURER EXPLAINED THAT THE ISSUE COULD HAVE BEEN DELAYED BY ABOUT 6 MONTHS IF THE CENTRAL BANK HAD NOT AGREED TO EARLY PLACEMENT. HE ALSO NOTED THAT THIS IS A PRIVATE EURO-GUILDER PLACEMENT THAT WILL NOT BE LISTED OR QUOTED ON THE EXCHANGE. WHILE INDICATIONS SUGGEST A SALE OF DUTCH GUILDERS 75 MILLION, THERE IS NO ASSURANCE OF THE TOTAL PURCHASE AMOUNT UNTIL THE ISSUE IS OFFERED. ADB TREASURER NOTED THAT ISSUE WOULD NOT BE OFFERED OR SOLD TO RESIDENTS OF NETHERLANDS AND UNITED STATES AS INDICATED IN ARTICLE 3 OF THE PURCHASE AGREEMENT.

3. U.S. DIRECTOR, IN SUPPORTING ADB PRESIDENT'S RECOMMENDATION, OBSERVED THAT INTEREST RATE WOULD BE LOWER AND MATURITY SLIGHTLY LONGER THAN PREVIOUS ISSUE IN NOVEMBER LAST YEAR. HE ALSO COMMENTED THAT INCREASED AMOUNT MAKES NETHERLANDS THIRD LARGEST SOURCE OF BORROWED FUNDS AND COMPLIMENTED BANK ON THIS AND ITS OTHER EFFORTS TO DIVERSIFY BANK BORROWINGS. ALL OTHER DIRECTORS WHO SPOKE SUPPORTED PRESIDENT'S RECOMMENDATION. INDONESIAN DIRECTOR, WHO STRONGLY SUPPORTED REMARKS BY U.S. DIRECTOR, POINTED OUT THAT BANK SHOULD EXPRESS PARTICULAR APPRECIATION TO CENTRAL BANK OF NETHERLANDS FOR PERMITTING THE BANK'S ISSUE TO BE PLACED AHEAD OF THE WAITING LIST.
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Message Attributes

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Concepts: MEETINGS, BANKS, BANK NOTES
Control Number: n/a
Copy: SINGLE
Draft Date: 06 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
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Disposition Remarks:
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Executive Order: N/A
Errors: N/A
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ISecure: 1
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Previous Handling Restrictions: n/a
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